

HOUSE BILL 2850

By Shepard

AN ACT to amend Tennessee Code Annotated, Title 56,  
Chapter 7, relative to health insurance entities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-7-133, is amended by deleting it in its entirety and by substituting instead the following:

(a) A policy of group accident and health insurance as defined in § 56-26-201 that is issued to an employer shall contain a provision requiring the employer to notify the insurer when any person covered under the group policy ceases to be eligible for coverage. The employer shall notify the health insurer of a covered person's loss of eligibility within the time set forth in the contract, but in no event shall such notification occur more than thirty (30) days after the employer learns of a covered person's loss of eligibility.

(b) In the event a health insurance entity as defined in § 56-7-109 is aware, has been made aware, or has a good faith reason to believe, that a covered person's eligibility may be in question on the date of service, the entity may notify a health care provider of the uncertain status, if verification of coverage status is requested by the provider within two (2) business days prior to the date of service. Reasons coverage may be in question include, but are not limited to, termination of an employee or ineligibility for coverage under a group policy, premium payment has yet to be received within a grace period, or the covered person has experienced a qualifying event and is contemplating purchasing COBRA coverage.

(c) A health insurance entity shall be immune from liability if the entity furnishes information to a health care provider about a covered person's eligibility in good faith.

(d) Such notification of a covered person's questionable coverage status can be made verbally by a representative of the health insurance entity or by some form of visual tag, such as a flag, on an electronic list of insured members available to the health care provider.

SECTION 2. Tennessee Code Annotated, Section 56-7-110, is amended by adding the following as a new appropriately designated subsection:

( ) If the health insurance entity had information that a covered person's eligibility may be in question pursuant to § 56-7-133 and failed to reflect that information to a health care provider seeking eligibility verification within two (2) business days of the date of service, the health insurance entity may not retroactively deny a claim or recoup a payment on the basis that the individual is not a covered person unless there was fraud by the health care provider.

SECTION 3. Tennessee Code Annotated, Title 56, Chapter 7, is amended by adding a new part as follows:

56-7-\_\_\_. No later than July 1, 2011, a health insurance entity as defined in § 56-7-109 shall become a Phase I certified health plan as established by CAQH's Committee on Operating Rules for Information Exchange (CORE), or its successor entity. As a Phase I certified health plan, the health insurance entity will commit to adopt, implement and comply with the CORE operating rules and to use reasonable efforts to encourage its trading partners to use the CORE operating rules. This section may be delayed up to a year at a time by the commissioner if, in the commissioner's sole discretion, this requirement would place an extraordinary burden on a health insurance entity that has made a request for a postponement.

SECTION 4. This act shall take effect October 1, 2010, the public welfare requiring it.